

Federal Regional Authorities and Commissions: Their Function and Design

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Summary

This report examines the legislative history and design structure of the nation's four federally chartered regional commissions: the Appalachian Regional Commission (ARC), the Denali Commission (DC), the Delta Regional Authority (DRA), and the Northern Great Plains Regional Authority (NGPRA). For each of the four entities, this report includes a summary of the legislative history leading to its creation, its funding history, and a listing by state of political subdivisions included in its designated service areas. The report also identifies criteria a jurisdiction must meet in order to be designated as a recipient of funding, the structure of the governing authority charged with administering funds, and current funding and legislative issues, if any.

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Appalachian Regional Commission

Legislative History

The Appalachian Regional Commission, created in 1965,¹ is the oldest of the four regional commissions and authorities chartered by Congress to address development and related issues affecting multi-state regions and substate areas experiencing long-term economic distress and isolation.² In 1960, governors of nine states (Alabama, Georgia, Kentucky, Maryland, North Carolina, Pennsylvania, Tennessee, Virginia, and West Virginia) formed the Council of Appalachian Governors. The ad hoc group's mission was to press for greater federal involvement in addressing the region's common problems. In 1963, President Kennedy established the President's Appalachian Regional Commission (PARC), appointed Franklin D. Roosevelt, Jr., as its chairman, and charged it with devising a comprehensive development program for the region. The resulting PARC report, issued in 1964 during the Johnson Administration, expanded the definition of the region to include selected counties in the state of Ohio.³ It detailed the problems and shortcomings of the 10-state region, including low per capita income, high unemployment, educational deficiencies, and poor public infrastructure. The report identified four priority areas of action, including:

- regional infrastructure, particularly highways, as a means of reducing regional isolation;
- water and wastewater management resources;
- natural resources development; and
- human resources development, including housing, education, job skills, and health care.

The report called for the creation of a new independent agency capable of coordinating state and federal actions.

On March 9, 1965, President Johnson signed into law the Appalachian Regional Development Act, P.L. 89-4. The act identified three purposes of the Appalachian Regional Development Commission (ARDC) based on the PARC recommendations. These included

- assisting the region in addressing its special problems;
- promoting economic development in the region; and
- establishing a framework for joint federal and state efforts in developing basic facilities essential to promoting coordinated regional responses to the region's problems.

The 1965 Act authorized the creation of several new programs intended to address the most pressing issues in the region. These new initiatives included:

¹ Appalachian Regional Development Act of 1965, P.L. 89-4, as amended.

² Congress authorized the creation of the Denali Commission and charged it with devising economic development strategies for rural areas solely within the state of Alaska.

³ U.S. President's Appalachian Regional Commission, *Appalachia: A Report by the President's Appalachian Regional Commission 1964* (Washington: GPO), 1964.

- the Appalachian Development Highway System, which was administered by the Department of Commerce, with the federal government covering 50% to 70% of the construction cost of such projects;
- a health facilities demonstration program administered by the Department of Health, Education, and Welfare, with the federal government covering 100% the operating cost of such facilities for the first two years;
- land stabilization, conservation, and erosion control agreements with private landowners and the Secretary of Agriculture;
- technical assistance to timber development organizations to aid in developing sound timber management policies;
- mining restoration;
- water resource control; and
- sewage treatment works grants.

The act directed the ARC to give priority consideration to funding for projects using such factors as:

- the relationship of the project to an area's growth potential;
- the per capita income of an area's population;
- a state or local area's financial resources; and
- the potential of a project to improve the long-term employment outlook of an area.

The act also required the submission of an annual progress report to Congress on the activities carried out under the act.

The 1965 Act identified several counties in 11 states⁴ within the purview of the ARDC. The Appalachian Regional Development Act Amendments in 1967 (P.L. 94-188) added counties in New York and Mississippi, increasing the number of state members of the ARC to 13, which has remained unchanged.

During its 40-year history, the ARC Act has been amended several times in an effort to refine its mission. In 1975, Congress amended the ARC,⁵ to require the governor of each member state to serve as a member of it. The act also required ARC decisions regarding policy, approval of state and regional development plans, and the allocation of funds to be made with a quorum of state members present. In addition, the 1975 amendments:

- directed the ARC to publish regulations specifying minimum guidelines for public participation in the development, revision, and implementation of all ARC plans and programs;
- required that states consult with local development districts and local units of government; and
- authorized federal grants to the ARC for assistance to states for a period not exceeding two years to strengthen the state development planning process for the

⁴ Alabama, Georgia, Kentucky, Maryland, North Carolina, Ohio, Pennsylvania, South Carolina, Tennessee, Virginia, and West Virginia.

⁵ The Appalachian Regional Development Amendments Act, P.L. 94-188 [http://www.congress.gov/cgi-bin/bdquery/R?d094:FLD002:@1\(94+188\)](http://www.congress.gov/cgi-bin/bdquery/R?d094:FLD002:@1(94+188)).

region, including the coordination of state planning under this act and the Public Works and Economic Development Act of 1965, which authorized funding for the Economic Development Administration.

The amendments also stated that no funds authorized by the act could be used to reclaim, improve, grade, seed, or reforest strip-mined areas, except on lands owned by federal, state, or local government bodies or by private, nonprofit entities organized under state law. Such reclamation efforts could only be undertaken if the land was to be used for public recreation, conservation, community development facilities, and public housing. It also authorized the Department of Housing and Urban Development to make grants and loans from the Appalachian Housing Fund to nonprofit, limited dividend, or cooperative organizations, and public bodies. Such grants and loans were designated for planning and obtaining federally insured mortgage financing or other financial assistance for housing construction and rehabilitation projects for low- and moderate-income families and individuals.

Further, the 1975 amendments authorized grants for education projects which served to demonstrate area-wide education planning, services, and programs, with special emphasis on vocational and technical education, career education, cooperative and recurrent education, and guidance counseling. It required each state member to submit to the ARC a development plan for each area of the state within the ARC. The state development plans were to reflect the goals, objectives, and priorities identified in the regional development plan approved for the subregion of which such state is a part. It also required the ARC to conduct a study and report on the status of Appalachian migrants, current migration patterns and implications, and the actual and potential impact the Commission program has or might have on out-migration and the welfare of Appalachian migrants.

The Appalachian Regional Development Reform Act of 1998⁶ directed the ARC to designate counties as:

- distressed counties—those that are the most severely and persistently distressed;
- competitive counties—those which are approaching economic parity with the rest of the country; and
- attainment counties—those which have attained or exceeded such economic parity.

The act provided for annual reviews of county designations and permitted designation renewals for another one-year period only if a county still met the designation criteria. It also required the ARC to give special consideration to counties designated as distressed, limited ARC's contribution to 30% of project costs for projects located in a county designated as competitive; and prohibited assistance for a county designated as an attainment county, but provided for exceptions and an authorized waiver by the ARC.

The 1998 amendments also brought administrative and programmatic changes. They included provisions that

- required the ARC to meet at least once a year, and allowed the ARC to conduct additional meetings by electronic means;
- required the ARC to obtain a quorum of state members before reaching certain decisions;

⁶ Title II of P.L. 105-393.

- permanently extended the authorization of appropriations for ARC administrative expenses and empowered the ARC to make grants for administrative expenses;
- limit the ARC federal contribution supporting health care and vocational and educational initiatives to 50% of total project cost, down from 100% of cost, with an exception of an 80% federal contribution for projects in distressed counties; and
- reduced from 75% to 50% the federal share of program costs of research and development projects, with an exception of an 80% federal contribution for counties designated as distressed.

Section 208 of the act repealed the programs and provisions under the act relating to:

- the land stabilization, conservation, and erosion control program;
- the timber development program;
- the mining area restoration program;
- the water resource development and utilization survey;
- the Appalachian airport safety improvements program;
- the sewage treatment works program; and
- amendments to the Housing Act of 1954.

On March 12, 2002, the President signed the Appalachian Regional Development Act Amendments of 2002.⁷ The 2002 amendments called for the ARC to:

- support local development districts;
- encourage the use of eco-industrial development technologies and approaches; and
- coordinate economic development activities of, and the use of economic development resources by, federal agencies in the Appalachian region.

The act limited all ARC grants to 50% of project costs or 80% for projects when carried out in designated distressed counties and eliminated the requirement that an area have significant growth potential as a criterion for programs and projects to be awarded assistance under the act. It allowed, at ARC's discretion, coverage of up to 75% of the administrative expenses of local development districts that have a charter or authority that includes the economic development of a county designated as distressed.

It also directed the President to establish the Interagency Coordinating Council on Appalachia. The amendments added language that authorized the ARC to undertake three new initiatives in the areas of telecommunications and technology, entrepreneurship including development of business incubators, and regional skills partnership. Specifically, the ARC is directed to provide technical assistance, make grants, and enter into contracts with persons or entities in the region for projects to provide increased access to advanced telecommunications information technologies and to electronic commerce.

The 2002 amendments encouraged the ARC to provide increased support for the development of homegrown businesses. It authorized the ARC to provide technical assistance, make grants, enter into contracts, or otherwise provide funds to persons or entities in the region for projects that would:

⁷ P.L. 107-149.

- provide entrepreneurial training and education for youths, students, and businesspersons;
- improve access to debt and equity capital, including the establishment of venture capital funds;
- aid communities in identifying, developing, and implementing development strategies for various sectors of the economy; and
- develop a working network of business incubators, including supporting entities that provide such services.

Further, the amendments authorized the Commission to establish regional skill partnerships comprised of representatives from business or nonprofit entities, labor organizations, educational institutions, and state and local governments. The Commission provides technical assistance and award grants to eligible entities to be used to assess and improve the job skills of workers in specified industries. Total grant assistance for each of the three new initiatives (telecommunications, entrepreneurship and regional skills partnership) is to be limited to no more than 50% of the cost of activities eligible under the program, however in the case of distressed communities the federal share may be increased to 80%. In addition, no more than 10% of the amounts awarded for regional skill partnership grants may be used for administrative activities. The act also added four new counties to the ARC—Edmonson and Hart, Kentucky; and Montgomery and Panola, Mississippi.

Commission Structure

The original Act of 1965 provided for a federal co-chair appointed by the President and with the advice and consent of the Senate. The act also called for the governor of each member state, or a person designated by the governor, to serve on the ARC with one of the governors or designees elected by state members to serve as the state co-chair. It also allowed for the appointment of federal and state alternates to the Commission. Compensation for the federal co-chair was to be paid by the federal government, while each state member would be compensated by the member state. The act charged the ARC with:

- developing comprehensive and coordinated plans and programs for the region, and establishing priorities among the activities identified within such plans and programs;
- conducting research and analysis of the region's resources with the cooperation of the federal, state, and local agencies;
- reviewing ARC supported programs with the cooperation of affected federal, state and local governments, and public and private entities, and recommending modifications and additions aimed at enhancing program effectiveness;
- recommending interstate cooperation, including the formation of interstate compacts;
- encouraging the creation of local development districts and advising the Secretary of Commerce on grant applications from local development districts for administrative expenses;
- encouraging private investment in commercial, industrial, and recreational projects; and
- providing a forum for the discussion of and proposed resolution of problems confronting the region.

The act also directed the federal government to pay 100% of the administrative expenses of the ARC for the first two fiscal years of its existence, and transferred 50% of such cost to the states thereafter with each state's share of such cost determined by the member states. The act conveyed certain administrative powers to the ARC, including the power to amend or repeal bylaws and rules governing the conduct of its business and the performance of its functions. It also conveyed to the ARC the power to:

- appoint and determine the compensation of its employees, including the executive director;
- request a federal, state, local, or intergovernmental agency to temporarily detail personnel to the ARC;
- enter into arrangements, including contracts, with participating state governments;
- accept gifts and donations, including real property; and
- maintain an office in the District of Columbia, hold hearings, and request information necessary for the execution of its mission from any federal, state, or local agency.

Community Designation Criteria

The following are the five categories of counties located in the ARC. The status of each community dictates whether it receives ARC-supported assistance.

- *Distressed Counties* have poverty and unemployment rates that are at least 150% of the national averages and per capita incomes that are no more than 67% of the national average. Counties are also considered distressed if they have poverty rates that are at least twice the national average and they qualify based on either the unemployment or per capita income indicator.
- *At-Risk Counties* have poverty rates and unemployment rates at least 125% of the national averages and per capita income that is no more than 67% of the national average. Counties are also considered at-risk if they meet the threshold of two of the three distressed-level indicators. This year, 2006, marked the first year that ARC formally designated communities as at-risk. This is a category not mentioned in the statute authorizing the ARC. Communities that fall into this category are those whose economic distress factors are below the national average for designation as an attainment or competitive county, but do not meet the criteria for designation as a distressed county. See the section on current funding and legislative issues for a discussion of this designation.
- *Transitional Counties* are those that do not meet the thresholds for distressed or at-risk designation, but have unemployment, poverty, or per capita income rates that are worse than the national average.
- *Competitive Counties* have poverty and unemployment rates that are equal to or less than the national averages and have per capita incomes that are equal to or are greater than 80%, but less than 100%, of the national average.
- *Attainment Counties* have poverty rates, unemployment rates, and per capita incomes that are at least equal to the national rates.

There are 410 counties located within the now 13 member states that make up the ARC. The 410 counties are divided into 72 Local Development Districts (LDDs). These multi-county planning

and development organizations help local governments to identify development needs of their communities.

Table 1. Number of ARC Designated Counties by State, 2006

State	Distressed	At-Risk ^a	Transitional	Competitive	Attainment	Total
Alabama	5	12	18	0	2	37
Georgia	0	0	29	5	3	37
Kentucky	32	12	7	0	0	51
Maryland	0	0	2	1	0	3
Mississippi	13	6	5	0	0	24
New York	0	0	14	0	0	14
N. Carolina	1	6	17	4	1	29
Ohio	4	6	18	1	0	29
Pennsylvania	0	5	41	5	1	52
S. Carolina	0	1	4	1	0	6
Tennessee	6	10	32	2	0	50
Virginia	1	7	13	1	1	23
W. Virginia	15	16	22	2	0	55
Total	77	81	222	22	8	410

Source: ARC.

- a. At-risk county is a new designation for 2006. ARC created the category to identify those counties that do not meet the criteria for distressed, but whose per capita income and poverty fall below the national averages.

For FY2006, 77 counties meet the requirements for distressed county designation. **Table 2** and **Figure 1** identify these counties.

Table 2. ARC Distressed Counties for FY2005

Alabama				
Bibb	Franklin	Hale	Macon	Pickens
Kentucky				
Bell	Breathitt	Carter	Casey	Clay
Clinton	Elliott	Estill	Floyd	Harlan
Jackson	Johnson	Knott	Knox	Lawrence
Lee	Leslie	Letcher	Lewis	Magoffin
Martin	McCreary	Menifee	Monroe	Morgan
Owsley	Perry	Russell	Wayne	Whitley
Wolfe				
Mississippi				
Benton	Chickasaw	Choctaw	Clay	Kemper
Marshall	Montgomery	Noxubee	Oktibbeha	Panola

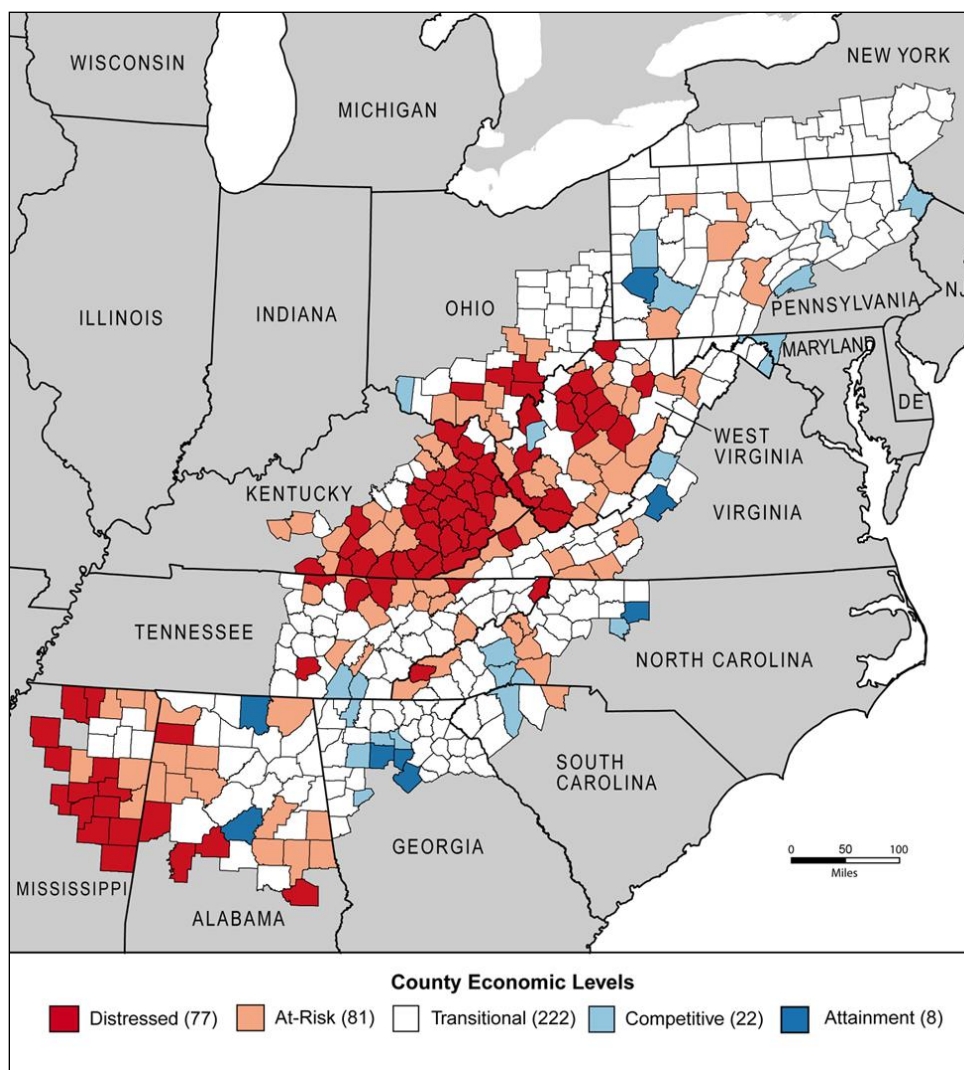
Webster	Winston	Yalobusha		
North Carolina				
Graham				
Ohio				
Athens	Meigs	Pike	Vinton	
Tennessee				
Clay	Fentress	Gruny	Hancock	Johnson
Scott				
Virginia				
Dickenson				
West Virginia				
Barbour	Braxton	Calhoun	Clay	Gilmer
Lincoln	Mason	McDowell	Mingo	Ritchie
Roane	Webster	Wetzel	Wirt	Wyoming

Source: ARC at <http://arc.gov/index.do?nodeId=2934>.

Funding History

For the past two years (FY2004 and FY2005), federal funding for the ARC has remained at \$65 million annually. This is slightly less than the \$71 million appropriated during the two previous years (FY2002 and FY2003). In addition to direct allocation, the ARC uses its funds to bundle with state, federal, and private funding sources in support of its strategic goals. Federal agencies that most often partner with ARC include the Economic Development Administration in the Department of Commerce, the Rural Development Administration in the Department of Agriculture, the Department of Housing and Urban Development through the use of Community Development Block Grant funds, and the Department of Education. In addition to ARC non-highway program activities, funds are also made available for the construction of the 3,000-mile Appalachian Development Highway System (ADHS). Since the passage of the Transportation Equity Act for the 21st Century (TEA-21), funding for the ADHS has been authorized through the Highway Trust Fund. Prior to the 1998 Act, the ADHS funding was included in the ARC appropriations. TEA-21 authorized an annual appropriation of \$450 million for the ADHS for the five-year period from FY1999 through FY2003.⁸ Although the appropriation authority for ADHS has been transferred to the Highway Trust Fund, the ARC and its 13 governors continue to exercise programmatic control. This allows the governor of each state to determine where and how ADHS funds are used. Funds are apportioned among the 13 states based on each state's proportional share of cost of completing the ADHS.

⁸ 112 Stat. 112.

Figure 1. ARC Counties: FY2006 Economic Status**Table 3. ARC Funding Request and Actual Appropriations: FY2001 to FY2006**
(in millions of dollars)

Fiscal year	2001		2002		2003		2004		2005		2006	
	Req.	Act.	Req.	Act.	Req.	Act.	Req.	Act.	Req.	Act.	Req.	Act.
ARC	\$71.4	\$77.0 ^a	\$66.3	\$71.3	\$66.4	\$71.3	\$33.1	\$65.6	\$66.0	\$65.5	65.5	65.0

a. \$11 million in emergency appropriations.

Funding Allocations

ARC's funding mechanism uses a multi-level, collaborative approach to select and fund projects and activities. Working in collaboration with other federal agencies, the ARC awards grants to various entities for activities that address one of five goal areas outlined in the ARC strategic plan. They are:

- improving the skills and knowledge of Appalachian residents;

- improving the physical infrastructure of Appalachian communities;
- improving the community capacity of Appalachian residents and organizations;
- developing dynamic local economies; and
- increasing Appalachian residents' access to affordable, quality health care.

The amount of ARC funds each state receives is not codified in the statute authorizing the ARC, but is based on a formula worked out by the governors of the member states. In addition, the method used to determine allocations among the strategic goal areas is also a negotiated process between the member states and the federal co-chair. The statute requires the ARC to target 50% of its funds to distressed communities in the region, and prohibits or strictly limits the use of ARC funds in attainment areas.

Current Funding and Legislative Issues

The Administration's budget for FY2007 requests an appropriation of \$65 million for ARC activities. This is the same amount approved for FY2006. The House, in passing its version of Energy and Water Development Appropriations Act of FY2007 (H.R. 5427, H.Rept. 109-474), recommended \$35.5 million for ARC activities, \$30 million below the Administration's request and FY2006 appropriations. The House passed the measure May 24, 2006. On June 29, 2006, the Senate Appropriations Committee approved its version of H.R. 5427, which included \$65.5 million for ARC activities (S.Rept. 109-274). In approving the \$30 million reduction in ARC funding the House noted the need to reduce funding in the face of a budget crunch.

Table 4. FY2007 Appropriations
(in millions of dollars)

	Request	House	Senate	Conf.
ARC Total	64.8 ^a	35.5	65.5	
Program Development	54.1	30.0	58.5	
LDDs and tech. Asst.	5.3	—	0.0	
ARC Highway	0.0	0.0	1.0	
Salaries and expenses	5.4	5.4	6.0	

a. Includes \$9.337 million for 15 earmarks identified in the House report (H.Rept. 109-474).

At-Risk County Designation

The ARC authorizing statute requires the ARC to allocate at least 50% of its annual appropriations to distressed counties. It also prohibits funds from being awarded to counties that have achieved attainment status. During her July 12, 2006, testimony before the House Subcommittee on Economic Development, Public Buildings, and Emergency Management, the ARC federal co-chair, Anne B. Pope, noted that many ARC counties fall short of the definition for designation as a distressed county. However, these counties face serious challenges and should receive some level of preferential treatment if they are to avoid the slide to distress designation. At present, ARC defines an at-risk county as having poverty rates and unemployment rates at least 125% of the national averages and per capita income that is no more than 67% of the national average. Counties are also considered at-risk if they meet the threshold of two of the three distressed-level indicators. According to ARC calculations, 81 counties meet the requirements to be designated at-risk (See **Table 5** for a listing of counties.) This year, 2006,

marked the first year that ARC formally designated communities as at-risk, according to the federal co-chair's testimony before the subcommittee. This is a category not mentioned in the statute authorizing the ARC. Under ARC current statute, projects in these at-risk counties are subject to the same 50% federal match requirements as those in counties with stronger economies. Projects in designated distressed counties are eligible for up to an 80% ARC funding match.

Table 5. At-Risk Counties, 2006

Alabama				
Chambers	Colbert	Coosa	Fayette	Jackson
Lamar	Marion	Randolph	Talladega	Tallapoosa
Walker	Winston			
Kentucky				
Adair	Bath	Cumberland	Edmonson	Fleming
Hart	Laurel	Lincoln	Pike	Pulaski
Rockcastle	Rowan			
Mississippi				
Alcorn	Calhoun	Lowndes	Monroe	Tippah
Tishomingo				
North Carolina				
Cherokee	McDowell	Mitchell	Rutherford	Swain
Yancey				
Ohio				
Adams	Jackson	Lawrence	Morgan	Perry
Scioto				
Pennsylvania				
Cameron	Clearfield	Fayette	Forest	Huntingdon
South Carolina				
Cherokee				
Tennessee				
Bledsoe	Campbell	Claiborne	Cocke	Grainger
Jackson	Meigs	Morgan	Pickett	Union
Virginia				
Buchanan	Carroll	Grayson	Lee	Montgomery
Smyth	Wise			
West Virginia				
Boone	Doddridge	Fayette	Grant	Greenbrier
Lewis	Logan	Mercer	Nicholas	Pleasants
Pocahontas	Summers	Taylor	Tucker	Upshur

Wayne

Source: ARC at <http://arc.gov/index.do?nodeId=2934>

To address this issue, Senator George Voinovich introduced the Appalachian Regional Development Act Amendments of 2006, S. 2832. The bill, which was approved by the Senate on July 25, 2006, would create a new category of eligible county—at-risk counties—and would increase the federal match requirement from 50% to no more than 70% of project costs across a range of ARC program areas including economic development, health care services, regional job skills partnerships, telecommunications, and business development. According to the ARC, 81 counties meet the unemployment, poverty, and per capita income thresholds for designation as an at-risk county. The states of West Virginia, Alabama, and Kentucky have the highest number of communities meeting the at-risk thresholds.

Delta Regional Authority

Legislative History

On October 1, 1988, President Reagan signed into law the Rural Development, Agriculture, and Related Agencies Appropriations Act for FY1989.⁹ Title II of that act, known as the Lower Mississippi Delta Development Act, authorized the creation of the Lower Mississippi Delta Development Commission (LMDDC), and appropriated \$2 million to carry out the activities of the Commission.¹⁰ As outlined in the authorizing statute, the Commission’s legislative mandate was to identify the economic needs and priorities of the Lower Mississippi Delta region, and to develop a 10-year economic development plan for the region. The act established the administrative structure of the Commission to include two commissioners appointed by the President and seven by the governors of Arkansas, Illinois, Kentucky, Louisiana, Mississippi, Missouri, and Tennessee, or their designees.¹¹ Sec. 4(2) of the Lower Mississippi Delta Development Act defined the “Lower Mississippi” region as:

... those areas within a reasonable proximity of the Mississippi River in Arkansas, southern Illinois, western Kentucky, Louisiana, Mississippi, southeastern Missouri, and western Tennessee that share common economic social, cultural ties, and that suffer from any combination of high unemployment; low net family income; agriculture and oil industry decline; a decrease in small business activity; or poor or inadequate transportation infrastructure, health care, housing, or educational opportunities....¹²

The act identified specific communities meeting the threshold definition for inclusion in the region. It also included language allowing the Commission to include other adjoining counties, when necessary, in order to carry out the purposes of the act. It identified nine such adjoining counties in the definition of the region.

⁹ 102 Stat. 2229.

¹⁰ 102 Stat. 2246 authorized the creation of the Lower Mississippi Delta Development Commission by including in the text of the act a reference to H.R. 5378 and S. 2836, House and Senate bills creating the Commission. The act, P.L. 100-460, established the mission of the Commission and its administrative structure, and identified counties to be included in the definition of the Lower Mississippi Delta region for the purpose of carrying out the activities of the Commission, as mandated by the act.

¹¹ The state of Alabama was added in 2000 as a provision of the Consolidated Appropriations Act of 2001, P.L. 106-554 (114 Stat. 2763A-252).

¹² P.L. 100-460, Sec. 4(2).

The LMDDC was chaired by then-Arkansas Governor William J. Clinton. Its findings and recommendations were included in two reports: *Body of the Nation: The Interim Report of the Lower Mississippi Delta Development Commission*, and the final report entitled the *Delta Initiatives: Realizing the Dream...Fulfilling the Potential*. The Commission's operations were terminated on September 30, 1990. The final report of the Commission included approximately 400 recommendations aimed at improving the economic conditions of the region. The report served as the catalyst for additional federal involvement in the region during the Clinton Administration.

During that Administration, several cabinet departments undertook studies and initiatives, some congressionally mandated, aimed at addressing some of the issues and opportunities confronting the region. Highlights include:

- On October 31, 1994, President Clinton signed into law the Lower Mississippi Delta Region Heritage Study Act.¹³ Congress passed the act as part of a followup to recommendations included in the 1990 report by the LMDDC. The 1994 Act directed the Department of the Interior to prepare for Congress a study of significant natural, recreational, historical or pre-historical, and cultural lands, water sites, and structures located within the Delta region.
- In 1996, the Department of Transportation published *Linking the Delta Region with the Nation and the World*. The report was a response to the 55 transportation recommendations included in the 1990 report entitled *Delta Initiatives: Realizing the Dream...Fulfilling the Potential*. The 1996 report noted that between 1990 and 1995, nearly all the transportation-related recommendations of the Commission had been implemented. The report also noted that among “the most significant changes for the Delta economy was improved access to intermodal transportation terminals, combined with the increased capacity of those terminals.”¹⁴
- In July 1998, 10 federal agencies signed the Lower Mississippi Delta Region Interagency Memorandum of Understanding (MOU), which established a general framework for cooperation among the participating agencies involved in economic revitalization initiatives in the Delta region.¹⁵
- In 1999, the Department of Transportation published *The Mississippi Delta: Beyond 2000, An Interim Report*. The report is an assessment of the progress made in addressing the recommendations contained in *Delta Initiatives: Realizing the Dream...Fulfilling the Potential*.
- In 2000, the Department of Agriculture and the Housing Assistance Council published *Improvements in Housing and Infrastructure Conditions in the Lower Mississippi Delta*, which outlined strategies for improving housing and infrastructure conditions in designated counties in Arkansas, Mississippi, and Louisiana.

¹³ 108 Stat. 4512.

¹⁴ U.S. Department of Transportation, Federal Highway Administration, *Linking the Delta Region with the Nation and the World*, available at <http://www.fhrc.gov/pubrds/winter96/p96w19.htm>, visited Sept. 9, 2005.

¹⁵ Federal departments that signed the MOU included the Departments of Transportation, Agriculture, Housing and Urban Development, Commerce, Health and Human Services, Labor, Education, and the Interior, as well as the Small Business Administration and the Environmental Protection Agency.

On December 21, 2000, Congress passed the Consolidated Appropriations Act for FY2001. The act included two provisions pertinent to the Lower Mississippi Delta. First, the act amended Section 4(2) of the Lower Mississippi Delta Development Act to include Alabama as a full member of the Delta Regional Authority and identified nine Alabama counties to be included in the definition of the Lower Mississippi Delta region.¹⁶ Second, Title V of the act authorized the creation of the Delta Regional Authority (DRA). For the purposes of this act, the definition of the Lower Mississippi region is the same as defined by Sec. 4 of the Lower Mississippi Delta Development Act of 1988—P.L. 100-460, as amended. The Delta Regional Authority Act of 2000 established the administrative structure for the DRA and charged the DRA with the mission of promoting economic development within the region.

On May 13, 2002, President Bush signed the Farm Security and Rural Investment Act of 2002 (P.L. 107-171). The act included provisions amending the voting procedures for DRA member states, providing supplemental federal grants for Delta projects, and identifying four additional Alabama counties as meeting the requirements for inclusion in the region.

DRA Administrative Structure

The DRA's administrative structure and duties and responsibilities are similar to those of the ARC. The DRA has federal and state co-chairs. The state co-chair is a governor of one of the member states and may serve a term of not less than one year. The governing statute allows for the selection of both a federal and state alternate to serve as a member of the DRA.

Administrative expenses are split between the federal government and the member states on a 50-50 basis. The DRA is vested with the authority to enter into contracts, leases, and other agreements that would further its mission. It may also establish compensation for its executive director and other personnel, and may request temporary details of personnel from other federal, state, local agencies.

DRA Designated Counties

Table 6 lists by state the counties and parishes included in the definition of the Lower Mississippi Delta Region and the statutes authorizing their inclusion. Please note two caveats when reviewing **Table 6**. First, several communities are included, by statute, in the definition of the Lower Mississippi Delta Region, but do not meet the requirements for designation as distressed counties or parishes. Those communities appear in *italics*. Counties and parishes that do not appear in italics have been designated as distressed and are eligible for DRA assistance. Second, several other communities have been designated for inclusion in the definition of the region as “distressed counties and parishes,” but were not identified in statute as designated Mississippi Delta counties. The authorizing statute entries for those counties and parishes are left blank. These communities were designated by the DRA as distressed under the provisions of Section 2009aa-5 of Title VI of the Consolidated Farm and Rural Development Act, as amended (7 U.S.C. 1921). (See the following section on county and parish eligibility.)

Table 6. Designated Mississippi Delta Counties and Parishes

County	Authorizing Statute	County	Authorizing Statute
Alabama			

¹⁶ 114 Stat. 2763A-252.

County	Authorizing Statute	County	Authorizing Statute
Barbour	P.L. 106-554	Lowndes	P.L. 106-554
Bullock	P.L. 106-554	Macon	P.L. 106-554
Butler	P.L. 107-171	Marengo	P.L. 106-554
Choctaw	P.L. 106-554	Monroe	P.L. 107-171
Clarke	P.L. 106-554	Perry	P.L. 106-554
Conecuh	P.L. 107-171	Pickens	P.L. 106-554
Dallas	P.L. 106-554	Russell	P.L. 106-554
Escambia	P.L. 107-171	Sumter	P.L. 106-554
Greene	P.L. 106-554	Washington	P.L. 106-554
Hale	P.L. 106-554	Wilcox	P.L. 106-554
Arkansas			
Arkansas	P.L. 100-460	Lawrence	P.L. 100-460
Ashley	P.L. 100-460	Lee	P.L. 100-460
Baxter	P.L. 100-460	Lincoln	P.L. 100-460
Bradley	P.L. 100-460	Lonoke	P.L. 100-460
Calhoun	P.L. 100-460	Marion	P.L. 100-460
Chicot	P.L. 100-460	Mississippi	P.L. 100-460
Clay	P.L. 100-460	Monroe	P.L. 100-460
Cleveland	P.L. 100-460	Ouachita	P.L. 100-460
Craighead	P.L. 100-460	Phillips	P.L. 100-460
Crittenden	P.L. 100-460	Poinsett	P.L. 100-460
Cross	P.L. 100-460	Prairie	P.L. 100-460
Dallas	P.L. 100-460	Pulaski	P.L. 100-460
Desha	P.L. 100-460	Randolph	P.L. 100-460
Drew	P.L. 100-460	Searcy	P.L. 100-460
Fulton	P.L. 100-460	Sharp	P.L. 100-460
Grant	P.L. 100-460	St. Francis	P.L. 100-460
Greene	P.L. 100-460	Stone	P.L. 100-460
Independence	P.L. 100-460	Union	P.L. 100-460
Izard	P.L. 100-460	Van Buren	P.L. 100-460
Jackson	P.L. 100-460	White	P.L. 100-460
Jefferson	P.L. 100-460	Woodruff	P.L. 100-460
Illinois			
Alexander	P.L. 100-460	Perry	
Franklin		Pope	P.L. 100-460
Gallatin	P.L. 100-460	Pulaski	P.L. 100-460

County	Authorizing Statute	County	Authorizing Statute
Hamilton		Randolph	
Hardin	P.L. 100-460	Saline	P.L. 100-460
Jackson	P.L. 100-460	Union	P.L. 100-460
Johnson	P.L. 100-460	White	
Massac	P.L. 100-460	Williamson	P.L. 100-460
Kentucky			
Ballard	P.L. 100-460	Livingston	P.L. 100-460
Caldwell		Lyon	
Calloway	P.L. 100-460	Marshall	P.L. 100-460
Carlisle	P.L. 100-460	McCracken	P.L. 100-460
Christian		McLean	
Crittenden	P.L. 100-460	Muhlenberg	
Fulton	P.L. 100-460	Todd	
Graves	P.L. 100-460	Union	P.L. 100-460
Henderson		Trigg	
Hickman	P.L. 100-460	Webster	
Hopkins			
Louisiana			
Acadia	P.L. 100-460	Morehouse	P.L. 100-460
Allen	P.L. 100-460	Natchitoches	P.L. 106-554
Ascension	P.L. 100-460	Orleans	P.L. 100-460
Assumption	P.L. 100-460	Plaquemines	
Avoyelles	P.L. 100-460	Pointe Coupee	P.L. 100-460
Caldwell	P.L. 100-460	Rapids	P.L. 100-460
Catahoula	P.L. 100-460	Richland	P.L. 100-460
Concordia	P.L. 100-460	St. Bernard	P.L. 100-460
East Baton Rouge	P.L. 100-460	St. Charles	P.L. 100-460
East Carroll	P.L. 100-460	St. Helena	P.L. 100-460
East Feliciana		St. James	P.L. 100-460
Evangeline	P.L. 100-460	St. John the Baptist	P.L. 100-460
Franklin	P.L. 100-460	St. Landry	P.L. 100-460
Grant	P.L. 100-460	St. Martin	
Iberia		Tangipahoa	P.L. 100-460
Iberville	P.L. 100-460	Tensas	P.L. 100-460
Jackson	P.L. 100-460	Union	P.L. 100-460
Jefferson	P.L. 100-460	Washington	P.L. 100-460

County	Authorizing Statute	County	Authorizing Statute
La Salle	P.L. 100-460	W. Baton Rouge	P.L. 100-460
Lafourche		West Carroll	P.L. 100-460
Lincoln	P.L. 100-460	West Feliciana	P.L. 100-460
Livingston		Winn	P.L. 100-460
Madison	P.L. 100-460		
Mississippi			
Adams	P.L. 100-460	Madison	P.L. 100-460
Amite	P.L. 100-460	Marion	
Attala	P.L. 100-460	Marshall	P.L. 100-460
Benton	P.L. 100-460	Montgomery	P.L. 100-460
Bolivar	P.L. 100-460	Panola	P.L. 100-460
Carroll	P.L. 100-460	Pike	P.L. 100-460
Claiborne	P.L. 100-460	Quitman	P.L. 100-460
Coahoma	P.L. 100-460	Rankin	P.L. 100-460
Copiah	P.L. 100-460	Sharkey	P.L. 100-460
Covington		Simpson	P.L. 100-460
DeSoto	P.L. 100-460	Sunflower	P.L. 100-460
Franklin	P.L. 100-460	Tallahatchie	P.L. 100-460
Grenada	P.L. 100-460	Tate	P.L. 100-460
Hinds	P.L. 100-460	Tippah	P.L. 100-460
Holmes	P.L. 100-460	Tunica	P.L. 100-460
Humphreys	P.L. 100-460	Union	P.L. 100-460
Issaquena	P.L. 100-460	Walthall	P.L. 100-460
Jefferson	P.L. 100-460	Warren	P.L. 100-460
Jefferson Davis		Washington	P.L. 100-460
Lafayette	P.L. 100-460	Wilkinson	P.L. 100-460
Lawrence	P.L. 100-460	Yalobusha	P.L. 100-460
Leflore	P.L. 100-460	Yazoo	P.L. 100-460
Lincoln	P.L. 100-460		
Missouri			
Bollinger	P.L. 100-460	Pemiscot	P.L. 100-460
Butler	P.L. 100-460	Perry	P.L. 100-460
Cape Girardeau	P.L. 100-460	Phelps	P.L. 100-460
Carter	P.L. 100-460	Reynolds	P.L. 100-460
Crawford	P.L. 100-460	Ripley	P.L. 100-460
Dent	P.L. 100-460	Scott	P.L. 100-460

County	Authorizing Statute	County	Authorizing Statute
Douglas	P.L. 100-460	Shannon	P.L. 100-460
Dunkin	P.L. 100-460	St. Francois	P.L. 100-460
Howell	P.L. 100-460	St. Genevieve	P.L. 100-460
Iron	P.L. 100-460	Stoddard	P.L. 100-460
Madison	P.L. 100-460	Texas	P.L. 100-460
Mississippi	P.L. 100-460	Washington	P.L. 100-460
New Madrid	P.L. 100-460	Wayne	P.L. 100-460
Oregon	P.L. 100-460	Wright	P.L. 100-460
Ozark	P.L. 100-460		
Tennessee			
Benton	P.L. 100-460	Henderson	P.L. 100-460
Carroll	P.L. 100-460	Henry	P.L. 100-460
Chester	P.L. 100-460	Lake	P.L. 100-460
Crockett	P.L. 100-460	Lauderdale	P.L. 100-460
Decatur	P.L. 100-460	<i>Madison</i>	<i>P.L. 100-460</i>
Dyer	P.L. 100-460	McNairy	P.L. 100-460
Fayette	P.L. 100-460	Obion	P.L. 100-460
Gibson	P.L. 100-460	Shelby	P.L. 100-460
Hardeman	P.L. 100-460	Tipton	P.L. 100-460
Hardin	P.L. 100-460	Weakley	P.L. 100-460
Haywood	P.L. 100-460		

Note: Communities in italics have been designated by statute, but do not meet the requirements for designation as distressed counties or parishes. Communities with no statute listed are designated by meeting the definition of “distressed counties and parishes.”

Source: DRA.

County and Parish Eligibility

Section 2009aa-5—Distressed Counties and Areas and Non-Distressed Counties—of the Consolidated Farm and Rural Development Act, as amended (7 U.S.C. 1921) directs the DRA to establish criteria for designation of a county or parish as distressed. For the purpose of the act, such counties and parishes must be characterized as severely and persistently distressed and underdeveloped and have high rates of poverty or unemployment. In addition, isolated areas of distress in otherwise non-distressed counties and parishes may qualify for assistance if they have high rates of poverty or unemployment. The designation of an area as an isolated area of distress must be supported:

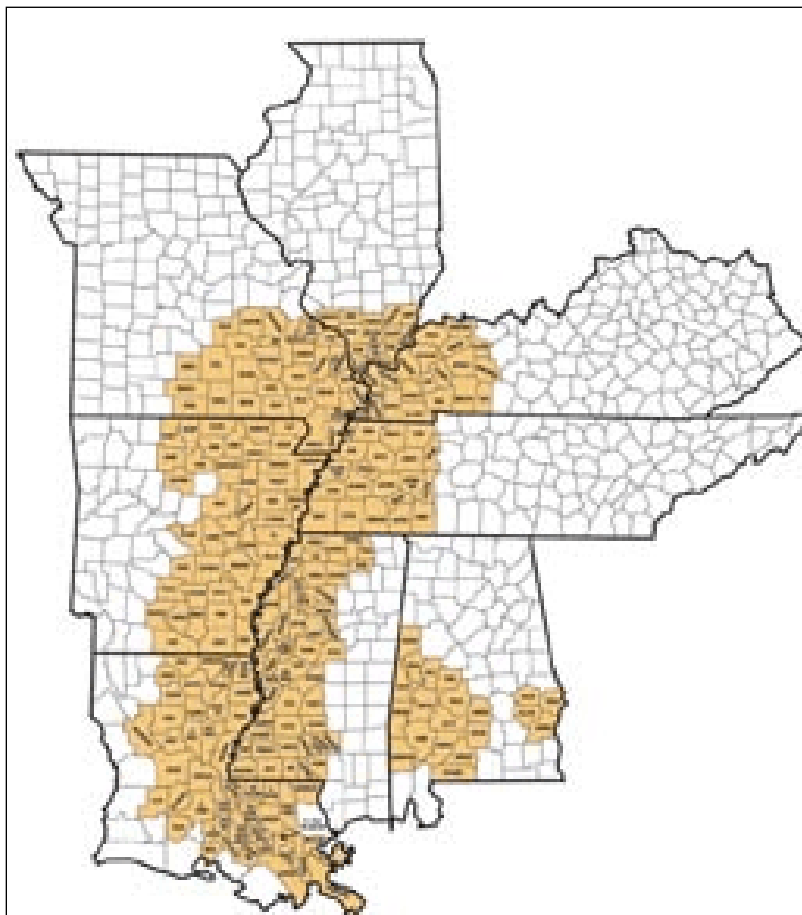
- by the most recent federal data available; or
- by the most recent data available to the state in which the isolated area of distress is located.

The DRA adopted the Economic Development Administration's (EDA) definition of a "distressed county" for the purpose of determining a community's eligibility for funding. Under EDA rules, an area is considered distressed if it meets one of the following criteria:

- An unemployment rate that is at least one percent higher than the national average unemployment rate for the most recent 24-month period for which data are available;
- Per capita income that is 80% or less of the national average per capita income, for the most recent period for which data are available;
- A special need arising from actual or threatened severe unemployment or economic adjustment problems resulting from severe short-term or long-term changes in economic conditions, such as: (a) substantial outmigration or population loss; (b) underemployment of workers at less than full-time or at less skilled tasks than their training or abilities permit; (c) military base closures or realignments, defense contractor reductions in force, or Department of Energy defense-related funding reductions; (d) natural or other major disasters or emergencies; (e) extraordinary depletion of natural resources; (f) closure or restructuring of industrial firms, essential to area economies; and/or (g) destructive impacts of foreign trade.

Section 2009aa-5 also directs the DRA to identify annually communities in the region that meet the requirements for designation as distressed counties or parishes or non-distressed counties and parishes containing isolated areas of distress. Of the 236 DRA counties, 214 counties met the required criteria at the time this definition for distressed counties was adopted. The last calculation for distressed county or parish designation was June 2004, with 227 of the 240 Delta Regional Authority counties classified as distressed.¹⁷ The area served by the DRA is perhaps the most distressed region in the country. Of the 240 counties comprising the region 238 have incomes at or below the national poverty level.

¹⁷ "Delta Regional Authority Determination of Distress Criteria—As Approved by the DRA," available at http://dra.gov/2005_federal_grant/version-attachment-a-1-2005-distressed-counties.pdf, visited Sept. 9, 2005.

Figure 2. DRA Coverage Area

Funding History

Congress has reduced funding for the agency significantly since its first appropriation of \$20 million in FY2001. Funding for the DRA has declined to \$6 million for FY2005. However, for FY2006, Congress doubled the amount the Administration requested, appropriating \$12 million for DRA activities. The additional funds will assist the DRA in supporting Hurricane Katrina recovery efforts.

**Table 7. DRA Funding Request and Actual Appropriations:
FY2001 to FY2006**
(in millions of dollars)

Fiscal year	2001		2002		2003		2004		2005		2006	
	Req.	Act.	Req.	Act.	Req.	Act.	Req.	Act.	Req.	Act.	Req.	Act.
DRA	\$30.0	\$20.0	\$20.0	\$10.0	\$10.0	\$8.0	\$2.0	\$5.0	\$2.1	\$6.0	6.0	12.0

Current Funding Request

Consistent with the Administration's budget request, the House approved an appropriation of \$5.9 million for DRA activities. This is \$6 million less than approved by the Senate and appropriated for FY2006.

Table 8. Delta Regional Authority Funding, FY2007

(in millions of dollars)

	Request	House	Senate	Conf.
Delta Regional Authority	5.9	5.9	12.0	

Northern Great Plains Regional Authority

Legislative History

On August 26, 1994, President Clinton signed into law the Northern Great Plains Rural Development Act (P.L. 103-318). The act established the Northern Great Plains Rural Development Commission (NGPRDC) and directed it to study and make recommendations for improving the economic development prospects of residents of rural Northern Great Plains communities. The Commission was charged with developing a 10-year rural economic development plan for Northern Great Plains (NGP) with the assistance of interested citizens, public officials, groups, agencies, businesses, and other entities. The act established a 10-member Commission comprising the governor, or the governor's designee, from each of the following five states: North Dakota, South Dakota, Nebraska, Iowa, and Minnesota, and one member appointed from each of the five states by the Secretary of the United States Department of Agriculture (USDA).

The act charged the NGPRDC with developing a 10-year plan that would address economic development, technology, transportation, telecommunications, employment, education, health care, housing, and other needs and priorities of the five-state region. The act encouraged the NGPRDC to develop the plan in collaboration with Native American tribes, federal agencies, non-profit and community-based development organizations, universities, foundations, and business concerns. It conveyed to the NGPRDC the power to hire experts and consultants, enter into contracts, and hold hearings related to its mission. The NGPRDC was required to submit both interim and final reports within 18 months from the first meeting date of the NGPRDC. The reports were to be submitted to the Secretary of Agriculture, the President pro tempore of the Senate, the Senate Committee on Agriculture, the Speaker of the House, the House Agriculture Committee, the President, and the governor of each of the five states.

The act directed the NGPRDC to include in the reports specific recommendations intended to promote five key areas of concern: regional collaboration, business development, capital formation, infrastructure expansion and improvements, and education and training. The act established a sunset date for the NGPRDC of September 30, 1997. The NGPRDC completed its work in 1997. Its findings and recommendations were included in the *Final Report of the Northern Great Plains Rural Development Commission*.¹⁸ The Commission identified six broad

¹⁸ The report is available from the Northern Great Plains, Inc. , <http://www.ngplains.org/documents/>

themes and recommended 75 actions aimed at regional concerns raised in the Northern Great Plains Rural Development Act.

In September 1997, the Northern Great Plains Initiative for Rural Development (Initiative) was established to continue the work of the NGPRDC. The Initiative is a 501(c)3 not-for-profit corporation. Its primary mission is to promote the implementation of the NGPRDC's 75 recommendations for action. The Initiative is governed by a Board of Directors comprising both business and community leaders of the region. A management team of five rural development leaders—one from each of the five states in the region—provides volunteer staff services.

On May 13, 2002, President George W. Bush signed into law the Farm Security and Rural Investment Act of 2002.¹⁹ Title VI of that act amended the Consolidated Farm and Rural Development Act by inserting a new Subtitle G creating the Northern Great Plains Regional Authority (NGPRA) and authorizing an appropriation of \$30 million for each of the fiscal years 2002 through 2007 to carry out the activities of the NGPRA.²⁰ The act charged the NGPRA with implementing the recommendations of the NGPRDC. It required the NGPRA to establish a multi-year development plan for the five-state region. In addition, each member state was required to develop a state plan that must be an integral part of the region's multi-year development plan.

NGPRA Administrative Structure

Like the Appalachian Regional Commission (ARC) and the Delta Regional Authority (DRA), the NGPRA is a federal-state partnership led by a federal co-chair, and one state co-chair selected from the governors of the five participating states: Minnesota, South Dakota, North Dakota, Nebraska, and Iowa. Unlike its ARC and DRA counterparts, the NGPRA also includes a representative of Native American tribes located in the five state areas as a co-chair. Under the act, the federal government was responsible for funding 100% of the administrative costs of the NGPRA in FY2002, 75% in FY2003, and 50% in FY2004.

Yet another characteristic that distinguishes the NGPRA from ARC and DRA (and the Denali Commission) is the creation of a non-profit entity to assist it in carrying out its mission. Specifically, the act also designated Northern Great Plains, Inc., a nonprofit 501(3)(c) created in 1997, with implementing the recommendations of the NGPRDC and acting as the primary resource for it on regional issues and international trade. Northern Great Plains, Inc., also supports research, education, and training on issues affecting the region.²¹

At the local level, like the ARC and DRA, the NGPRA uses the existing network of EDA-designated economic development districts to coordinate efforts within a multi-county area. The NGPRA also may certify other organizations meeting certain requirements as local development districts. A designated local development district may receive NGPRA grants to cover 80% of its administrative costs for a period of three years. These districts are responsible for serving as a liaison between state, local, and tribal governments, nonprofit organizations, the business community, and the public. In addition, they assist in developing regional economic development

NGP_Commission.pdf, visited Sept. 9, 2005. The report, which was presented to Congress in March 1997, is an eight-part package consisting of a narrative and reports from working groups on seven specific issue areas: value-added agriculture, international trade, business development, telecommunications, transportation infrastructure, health care, and civic and social capacity.

¹⁹ 116 Stat. 134.

²⁰ 116 Stat. 375.

²¹ 116 Stat. 383.

strategies, providing technical assistance to local communities, and assisting organizations involved with leadership and civic development programs.

NGPRA Designated Counties

The act directed the NGPRA to develop distress criteria standards using unemployment, population outmigration, and poverty data. Under the act, 75% of funds must be targeted to the most distressed counties in each state, and 50% of project dollars must be reserved for transportation, telecommunications, and basic infrastructure improvements. Non-distressed communities containing isolated areas of distress may receive no more than 25% of funds appropriated.²²

Table 9. NGPRA Funding Request and Actual Appropriations: FY2001 to FY2005
(in millions of dollars)

Fiscal year	2001		2002		2003		2004		2005		2006	
	Req.	Act.	Req.	Act.	Req.	Act.	Req.	Act.	Req.	Act.	Req.	Act.
NGPRA	—	—	—	—	— ^a	—	— ^a	—	— ^a	—	— ^a	—

- a. The Farm Security and Rural Investment Act of 2002, which was signed into law on May 13, 2002, created the NGPRA and authorized an appropriation of \$30 million. However, no funds have been appropriated or requested for the program since its authorization.

Denali Commission

Legislative History

Created by an act of Congress in 1998,²³ the Denali Commission is unique among the four federally chartered regional development authorities and commissions. It is the only federally chartered regional development commission targeted at a single state (Alaska). As outlined by its congressional charter, the Commission's mission included providing job training and other economic development assistance to distressed rural areas in the state. The act also charged the Commission with providing for rural power generation and transmission facilities, modern communication systems, water and sewer systems, and other infrastructure needs of remote areas in the state.

Administrative Structure

The seven-member Commission comprises a federal co-chair appointed by the Secretary of Commerce, a state co-chair appointed by the governor of Alaska, and one representative each from the Alaskan Municipal League, the University of Alaska, the Alaska Federation of Natives, the Executive President of the Alaska State AFL-CIO, and the President of the Associated General Contractors of Alaska. The federal co-chair of the Commission is selected from among persons placed in nomination by the Speaker of the House and the President pro tempore of the Senate, a unique characteristic of the process used to select the federal co-chair of a regional

²² For maps and a listing of distress criteria used and counties meeting the distress criteria, see <http://www.ngplains.org/documents/all%20maps.pdf>, visited Sept. 9, 2005.

²³ The Denali Commission Act of 1998, 42 U.S.C. 3121.

commission. The act also mandated that the Commission develop a proposed annual work plan for the state, including soliciting proposals from local governments and other entities and organizations. The Commission must submit to the Secretary of Commerce, the Commission's federal co-chair, and the Office of Management and Budget a report that outlines the proposed work plan and identifies infrastructure development and job training funding priorities in the areas covered by the work plan. In addition, the act allowed for public input and comment on the work plan. It required the Secretary of Commerce to publish the work plan in the *Federal Register* and to allow for a 30-day public comment period. Within 30 days after the public comment period, the federal co-chair of the Commission may approve, disapprove, or partially approve the work plan. When disapproving or partially approving a work plan, the federal co-chair must specify the reasons for disapproval and include recommendations for revisions that would result in its approval. If a work plan is not approved or only partially approved, the plan must be submitted to the Commission for review and revision, if applicable.²⁴

Denali Designated Counties

As noted earlier, the Commission is charged with promoting rural development, including promoting infrastructure improvements in *rural areas*, such as improvements in power generation and transmission facilities, telecommunications, and water and sewer facilities. The Commission is also charged with providing job training and repairing or replacing, as appropriate, bulk fuel tanks. The Commission defines a "rural area" as any community that

- lacks adequate public infrastructure;
- is so remote as to impose additional cost on persons and businesses importing and exporting products, traveling to, and communicating with, urban centers; or
- is a one-industry village or community located near a natural resource with a small population and a low-wage labor pool.

The act did not identify specific criteria to be used in determining eligibility for assistance; instead it left that task for the Commission. It did include language that requires the Commission to provide job training and other economic development services to residents of distressed rural communities and noted that many of these areas have unemployment rates in excess of 50%. On May 5, 2005, the Commission identified community distress criteria for 2005 and listed communities meeting the criteria.²⁵ The Commission identified the following thresholds for designation as a rural distressed community:

- per capita income that does not exceed 67% of the national average;
- poverty rate in excess of 150% of the national average; and
- three-year unemployment rate of 150% of the national average.

A community also may qualify as distressed if its poverty rate is twice the national average and it meets one of the other two criteria relating to unemployment or per capita income.

Concerned about the availability and timeliness of Census data in determining the distress status of some communities, the Commission, in May 2005, identified an alternative method of

²⁴ The Commission's work plan for FY2002 to FY2006 is available at http://www.denali.gov/Work_Plans.cfm, visited Sept. 9, 2005.

²⁵ "Distressed Communities Criteria 2005 Update," available at http://www.denali.gov/Resource_Center/Program_Documents/Denali%20Commission%20Distressed%20Community%20Criteria%20May%202005%20Update.pdf, visited Sept. 9, 2005.

identifying distressed communities. The alternative method, labeled the “surrogate standard,” uses community level data that are available annually from the Alaska Department of Labor and Workforce Development, Research and Analysis (ADLWDRA). In order for a community to qualify under the surrogate standards as a distressed community, it must meet the following criteria:

- the average market income may not exceed \$14,872;
- at least 70% of the residents 16 years or older may not have earned more than \$14,872 in 2003; and
- fewer than 30% of the residents of the community 16 years or older were employed during all quarters of 2005.

The Commission also confers distressed status on non-distressed communities that meet surrogate standard criteria when a plus or minus 3% formula is applied to the criteria. A community must meet two of three criteria to be classified as distressed:

- the average market income is less than \$15,318;
- at least 67% of the residents of a community 16 years or older may not have earned more than \$15,318; and
- fewer than 33% of residents of the community 16 years or older were employed during all four quarters of 2003.

Table 10 lists communities by classification as distressed counties.

Table 10. Denali Commission Designated Distressed Communities for 2006

Aduk	Akiachak	Akiak	Alakanuk	Alatna -See Allakaket
Alcan Border – See Northway	Alexander Creek	Allakaket	Anchor Point	Anderson
Angoon	Anvik	Arctic Village	Beaver	Beluga—See Alexander Creek
Bill Moore’s –See Kotlik Junction	Central	Chase - See Talkeetna	Chefornak	Chevak
Chicken	Chignik Lagoon	Chignik Lake	Chilkat - See Haines	Chilkoot - See Haines
Chistochina - See Gakona	Chitina	Circle	Circle Hot Springs –See Central	Clam Gulch
Cooper Landing	Copper Center	Copperville – See Glennallen	Covenant Life - See Haines	Crooked Creek

Cube Cove - See Juneau Rural	Deltana – See Delta Junction	Denali National Park	Eagle	Eagle Village - See Eagle
Edna Bay - See Ketchikan Rural	Eek	Egegik	Elfin Cove	Emmonak
Excursion Inlet - See Juneau Rural	Fort Greely	Fort Wainwright	Gakona	Gambell
Glennallen	Goodnews Bay	Grayling	Gulkana - See Gakona	Gustavus
Haines	Hamilton – See Kotlik Point	Happy Valley - See Anchor	Harding-birch Lakes – See Salcha	Holy Cross
Hooper Bay	Hope	Hughes	Huslia	Hyder
Ivanof Bay – See Perryville	Jakolof Bay - See Seldovia	Juneau-rural	Kake	Kalskag
Kaltag	Karluk	Kasaan - See Ketchikan Rural	Kasigluk	Kasilof
Kenny Lake - See Copper Center	Ketchikan-rural	Kipnuk	Kivalina	Klukwan - See Haines
Kobuk	Kotlik	Koyuk	Koyukuk	Kwethluk
Kwigillingok	Kwinhagak - See Quinhagak	Lake Minchumina	Lower Kalskag	Lutak - See Haines
Manley Hot Springs	Manokotak	Marshall	Mary's Igloo - See Teller	McCarthy - See Glennallen
McKinley Park - See Denali	Mendeltna - See Glennallen	Meyers Chuck	Minto	Moose Pass
Mosquito Lake – See Haines	Mountain Village	Mud Bay - See Haines	Napaimute - See Kalskag	Napakiak
Naukati Bay – See Ketchikan	Nelchina - See Glennallen	New Allakaket - See Allakak	New Stuyahok	Nightmute
Nikolaevsk - See Anchor Point	Nikolai	Ninilchik	Nondalton	Northway
Northway Junction - See Northway	Northway Village – See Northway	Nulato	Nunam Iqua - See Sheldon Point	Nunapitchuk
Ohogamiut – See Marshall	Old Harbor	Ouzinkie	Paimiut - See Hooper Bay	Pedro Bay
Pelican	Perryville	Petersville - See Trapper Creek	Pilot Station	Platinum
Point Baker	Port Alexandria	Port Alsworth	Port Protection —See Ketchikan Rural	Quinhagak
Rampart	Red Devil	Ruby	Russian Mission	Saint George Island

Salcha	Savoonga	Scammon Bay	Selawik	Seldovia
Seldovia Village —See Seldovia	Shageluk	Shaktolik	Sheldon Point	Shishmaref
Shungnak	Silver Springs —See Glennallen	Skwentna	Slana—See Gakona Area	Stebbins
Sunrise—See Hope	Talkeetna	Tatitlek	Tetlin	Thorne Bay
Togiak	Toksook Bay	Tolsona—See Glennallen	Tonsina—See Copper Center	Trapper Creek
Tuluksak	Tuntutuliak	Tununak	Upper Kalskag—See Kalskag Venetie	Wales
Whale Pass— See Ketchikan Rural	White Mountain	Whittier	Willow	Willow Creek- See Copper Center
Y—See Talkeetna				

Source: Denali Commission.

Note: An asterisk (*) denotes communities that successfully appealed to change status from non-distressed to distressed. According to the Denali Commission, Fort Wainwright is a military base. Its inclusion on this list is probably a quirk in the data series and may not be an accurate indicator that Fort Wainwright meets the criteria as “distressed.”

A community may successfully appeal its non-distress designation if it can demonstrate that it meets a set of surrogate standard criteria when a plus/minus 3% formula is applied to the criteria. **Table 11** lists communities that do not meet the 2006 surrogate standard criteria for distressed communities, but do meet the criteria when a plus/minus 3% formula is applied. To successfully appeal, a community must meet two of the three surrogate standard criteria to be classified as distressed under the plus/minus 3% formula change:

- Criterion 1: Average market income from unemployment insurance, covered employment, and fishing is less than \$15,318, rather than \$14,872 ($\$14,872 \times 1.03 = \$15,318$).
- Criterion 2: More than 67% of residents earn less than \$14,872, rather than more than 70% of residents ($70\% - 3\% = 67\%$).
- Criterion 3: Fewer than 33% of residents worked all four quarters of 2003, rather than fewer than 30% of residents ($30\% + 3\% = 33\%$).

Table 11. Non-Distressed Communities That Meet Distressed Criteria with 3% Formula, 2006

Aleknagik	Anaktuvuk Pass	Big Lake	Birch Creek - See Fort Yukon	Buckland
Cantwell	Chalkyitsik	Coffman Cove	Cold Bay - Nelson Lagoon	Deering
Fort Yukon	Homer	Houston	Iliamna - See Newhalen	Kiana
Kokhanok - See Newhalen	Mekoryuk	Metlakatla	Nenana	Newhalen

Noatak	Noorvik	Petersburg	Point Hope	Pope-vannoy Landing - See Newhalen
Port Lions	Saint Marys, Pitkas Pt.	Shishmaref	Stevens Village	Sutton
Takotna	Thoms Place – See Wrangell	Saint Michael	Tok	Wainright
Wrangell				

Funding History

The only single-state federal regional development authority has seen a steady increase in its annual allocation during the five-year period from 2001 to 2005. Its annual allocation is comparable to that of the ARC. For FY2006, however, the Congress appropriated \$49.5 million for Denali Commission activities, which was \$17 million less than appropriated for FY2005.

Table 12. Denali Commission Funding Request and Actual Appropriations: FY2001 to FY2006

(in millions of dollars)

Fiscal year	2001		2002		2003		2004		2005		2006	
	Req.	Act.	Req.	Act.	Req.	Act.	Req.	Act.	Req.	Act.	Req.	Act.
Denali Comm.	\$20.0	\$30.0	\$29.9	\$38.0	\$29.9	\$47.7	\$9.5	\$54.7	\$2.5	\$67.0	2.6	49.5 ^a

- a. The act included a provision directing the Commission to prepare a report outlining its projected allocations and use of FY2006 appropriated funds. The report was to be submitted to the House and Senate Appropriations Committees by July 1, 2006.

Current Appropriations Request

For FY2007, the Administration requested \$2.5 million in support of the Denali Commission. The House approved \$7.5 for Commission activities, while the Senate Appropriations Committee has recommended a funding level of \$50 million.

Table 13. Denali Commission Appropriations, FY2007

(in millions of dollars)

	Request	House	Senate	Final
Denali Commission	2.5	7.5	50.0	

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